

Frequently Asked Questions

Q. Is it acceptable to fax my application, insurance certificate and bond? Can I have my insurance agent send my bond and insurance certificate directly to the Alabama Department of Revenue?

A. No, the application and bond must be original documents, the insurance certification can be a copy; however, all documents must be attached to the completed application. Incomplete applications and parts thereof are returned to the sender.

Q. What are the bond requirements for obtaining a motor vehicle dealer's license in Alabama?

A. All applicants need a bond (available from your insurance agent). Franchised new car dealers need a \$25,000 bond while those dealing in used cars only need a \$10,000 bond. If your bond is cancelled for any reason, your license will be revoked. If you decide to change your bonding company, you must deliver the new bond to the Severance & License Section before the old bond is cancelled. Otherwise, your license will be revoked when the coverage ceases under the old bond. *Note: a new bond must be provided when changing from one legal entity to another.*

Q. What insurance is required to get a license? What proof of insurance must I submit with my application?

A. Each applicant must maintain blanket liability insurance coverage for all owned vehicles and all non-owned vehicles associated with the business. A current insurance certificate must be submitted with the application, and it must provide for 30 days advance notice to the Severance & License Section in the event the coverage is cancelled. If the coverage is cancelled, or if it is not renewed prior to the expiration date, your license will be revoked. See page 14 for a sample certificate showing what must be included and page 15 for a list of information required to be shown on the insurance certificate.

Q. If I previously provided an insurance certificate must I submit a new one with this year's application?

A. Yes, each application must be accompanied by a current insurance certificate. In most cases the certificate must be issued no more than 15 days prior to the date the application is received. However, for a dealer who is licensed and in good standing on September 30, 2008, the certificate can be dated any time after August 31, 2008, provided the completed application package is received & processed by October 31st. Anytime you request a change to your license during the year, a currently dated certificate of insurance must accompany the request.

Q. Do I need a Sales Tax Number?

A. Yes, if you sell any motor vehicles to non-dealers you must have a sales tax number assigned in the same name as the business.

Q. Can I apply without a Sales Tax Number?

A. No application for a new or used retail dealer's license will be accepted without a sales tax number for the business.

Q. How do I get a Sales Tax Number?

A. Sales Tax Numbers can be obtained in person or by mail, at no charge, from the Business Registration Unit in Montgomery. Applications are available from your local Taxpayer Service Center or by calling (334) 242-1584 in Montgomery. You may also apply on-line at www.revenue.alabama.gov/salestax/register.html. Remember to allow time for your Sales Tax Number to arrive before submitting an application for a retail dealer.

Q. If I sell motor vehicles on the Internet, am I required to obtain a motor vehicle dealer's license?

A. Yes, you are required to obtain a motor vehicle dealer's license if you are publicly selling and soliciting the sale of motor vehicles on-line.

Q. Can my cell phone serve as my business phone?

A. No. Each permanent location must have an operable landline telephone that is listed in the business name or if individually owned can be listed in individual's name. This office must be able to verify the phone listing.

Q. What do I need to do if I move from my licensed location?

A. If you decide to relocate your business during the year, you must promptly contact the Severance & License Section, in writing, to determine if the new location is acceptable for licensing. Furthermore, you must provide a new insurance certificate for the new location and proof of the new telephone number. Retail dealers must also furnish photographs of the new location and sign. In addition, you must submit the applicable license fee.

Q. Is there a charge for each location?

A. There is no charge for the first location, but each additional location has a \$5.00 charge.

Q. What type of remittance is acceptable?

A. Cash, certified funds, or checks are acceptable. **Do not send cash through the mail.** *Worthless checks will result in license revocation.*

Q. Am I required to remit any additional money when making a change to my regulatory license?

A. Yes, when making any changes to your regulatory license account, you are required to remit the original license fee. This includes requests for duplicate licenses.

Q. If I bring my application to Montgomery in person, what do I need to bring and where do I go?

A. If you bring your application in person, you should arrive between the hours of 8 a.m. and 4 p.m. The correct license fee, original application, bond, power of attorney form, insurance certificate and proof of a land-line telephone must be presented. Additionally, if you are a retail dealer, you must present photographs. The Severance and License Section is located in room 3103 of the Gordon Persons Building at 50 N. Ripley Street.

Q. What are the location and sign requirements?

A. If you are a motor vehicle dealer (retail, wholesale, rebuilder or reconditioner) you must have a permanent business location. Each permanent location must be owned or leased by the sole proprietor, a partner, LLC member or corporation. If you are a retail dealer, you are required to have a permanent sign that meets the sign requirements (see page 4).

Q. When providing a picture of my sign and location, may I use digital photographs?

A. Yes. You may use digital photographs. However, they must be on photographic paper, not copier paper. (See page 4 for details about sign and photograph requirements.)

Q. If I want to conduct a tent sale at a different location, what must I do to obtain the proper licenses?

A. A tent or off-site sale can only occur in the city or county where you are licensed as a used motor vehicle dealer or within your area of responsibility as a new motor vehicle dealer. The fee for an off-site sale is \$25. The off-site license must be obtained at least 14 days prior to the beginning of the sale. Once this license is obtained, a Section 40-12-51 license should be obtained from the county probate office, as well as any city licenses required. You may download an application at www.revenue.alabama.gov/licenses/LIC-539-6.pdf.